

**BILL #** HB 2678

**SPONSOR:** Burges

**PREPARED BY:** Art Smith

**TITLE:** drug testing; welfare recipients

**STATUS:** As Introduced

## FISCAL ANALYSIS

### Description

The bill requires that the Department of Economic Security (DES) drug test all recipients of and applicants for assistance in various welfare programs. It requires that an applicant or recipient who tests positive for drugs participate in a drug treatment program. An applicant or recipient who tests positive for drugs and who fails to participate in a drug treatment program, or who receives a second positive drug test, would not be eligible to receive assistance.

### Estimated Impact

The bill's fiscal impact depends on 5 main factors:

1. The eligible population.
2. The cost of drug testing, including its frequency.
3. The number of recipients with a positive test who decide to seek drug treatment.
4. The cost of drug treatment.
5. The number of participants that refuse testing and/or treatment, and the related savings.

As a result of the uncertainty surrounding the costs of drug testing and the amount of recipients and applicants who would be eliminated from welfare eligibility the estimated impact cannot be determined.

DES did not provide an overall cost estimate of the bill.

### Analysis

#### The Eligible Population

The bill states that drug testing is required of all recipients and applicants for assistance under A.R.S. Title 46 - Welfare, which is assumed to include Temporary Assistance for Needy Families and General Assistance. The bill does not specify what services fall under "assistance," so there may be more programs covered than just TANF and General Assistance. For example, Child Care services are authorized in Title 46. Other services authorized in Title 46 but not directly provided by DES such as short-term crisis services could be included. As it is not included under Title 46, Arizona Health Care Cost Containment System was excluded from this analysis. It is also unclear whether Food Stamps could be included. DES is unsure as to what services would be covered, as it has not performed an internal legal analysis and would consult with the Attorney General's office for guidance on the eligibility of recipients and applicants for the drug testing program.

#### Cost of Drug Testing

The price of \$15.25 for initial urinalysis drug testing, which has been adjusted for inflation, was provided by the Arizona Department of Corrections (ADOC) in 2002. There may be lower-priced alternatives available, if a private firm is hired to perform the urinalysis drug testing; however, the ADOC will likely provide testing for a wider variety of drugs at the price that it charges. The bill requires a "chromatographic technique such as gas chromatography" to confirm any initial positive drug tests. A drug testing company states that a gas chromatography/mass spectrometry test would cost \$45.

Legislative Council states that as the bill is written, it could be interpreted that DES would only pay for the confirmation test and not the initial test, although it could be inferred that the initial test is paid for by DES as well.

If FY 2008 caseloads remain the same for the next fiscal year, 84,726 recipients TANF Cash Assistance and 1,379 General Assistance clients would receive monthly benefits in FY 2009. In FY 2007, there were 109,504 initial TANF applications

and 26,777 General Assistance applications. There are no adult-only applications for TANF, but it can be assumed that adults filed all of the paperwork for that program. If DES were required to pay for initial tests, one-time costs for 1 year would be \$3.4 million. If the bill is interpreted to require testing of Food Stamp applicants and recipients, the cost would increase significantly. There are currently over 500,000 Food Stamp recipients.

#### *Positive Tests*

According to data provided by Department of Health Services, 2.9% of Arizona's general population was estimated to have dependence on or engage in abuse of drugs in 2005. This figure is well within the National Institute of Health's (NIH) 1992 range of 1.3% to 3.6% in estimating illicit drug use among the welfare population. A more recent study, published in 2002, reported that illicit drug use among welfare recipients is closer to 4.5%. A 2006 NIH study indicates that up to 20% of welfare recipients report some form of illicit drug use.

#### *Cost of Drug Treatment*

According to the Department of Health Services (DHS), the weighted average cost per treatment episode for all types of treatment was \$1,661 in FY 2005. However, DHS statistics show that specific types of treatment could cost as little as \$358 or as much as \$6,695. The bill does not specify the scope of treatment that would be provided.

#### *Impacts of Refusing Testing or Treatment*

Beyond the uncertainty of how many recipients and applicants would test positive for drugs, it is unknown how many recipients and applicants may either choose not to enter a drug treatment program or, alternatively, how many may relapse and receive a second positive drug test after receiving drug treatment.

An average of \$122.49 per month is paid to each TANF recipient. General Assistance clients receive monthly payments that at an average of \$152.30. These figures include only the adult's portion of the benefit and do not include any benefits associated with the dependents. According to DES, with the exclusion of child only cases, adult TANF recipients average 10.4 months on Cash Assistance. The average amount of time on General Assistance was 6.2 months in FY 2005, the latest period for which data is available. Based on these durations, total General Fund savings for those who would have to leave a cash assistance program would amount to \$1,274 per TANF recipient and \$944 per General Assistance recipient.

There would be no General Fund savings for Food Stamps, as the benefits are entirely federally-funded. In the past, DES has indicated that the federal government may not permit the state to prohibit benefit payments to clients receiving certain benefits, such as Food Stamps, with a positive drug test.

Beyond the savings from reduced payments, there may be additional savings if reduced caseloads would permit staff-related savings. Because of the uncertainty regarding the level of caseload changes, this cannot be estimated in advance.

#### **Local Government Impact**

None

2/13/08